


January 25, 1989

TO: ~~Holland Shepherd~~, Permit Lead  
FROM: Scott Johnson, Reclamation Engineer   
RE: Self Bonding Qualification, Brush Wellman, Incorporated, Topaz Mine,  
M/023/003, Juab County, Utah

I have reviewed the Brush Wellman 1987 Annual Report and the unaudited balance sheets for each of the first three quarters in 1988. Based on this information, the operator meets criterion number 3 on the Division Self Bonding Qualification Sheet. More specifically:

A) Fixed assets in the United States must be at least \$20 million.

***The fixed assets for Brush Wellman are \$128,315,000 (1988 3rd quarter - unaudited).***

B) Total Liabilities/Net Worth must have a ratio of 2.5:1 or less.

***The ratio for Brush Wellman is 0.43:1 (1988 3rd quarter - unaudited).***

and

Current Assets/Current Liabilities must have a ratio of 1.2:1 or greater.

***The ratio for Brush Wellman is 2.87:1 (1988 3rd quarter - unaudited).***

Attached is a summarized table showing the past financial performance of Brush Wellman. In addition to the unaudited data that was used by Brush Wellman in their recent self bonding submittal, this table also shows audited data that is available for previous years. The data indicates Brush Wellman has consistently exceeded Division criteria for self bonding. Graphs are also attached to further illustrate this point.

attachments

cc: Lowell Braxton  
Wayne Hedberg

MN 53/1

# Self Bonding Financial Qualification Data

**BRUSH WELLMAN Inc. Topaz Mine M/023/003**

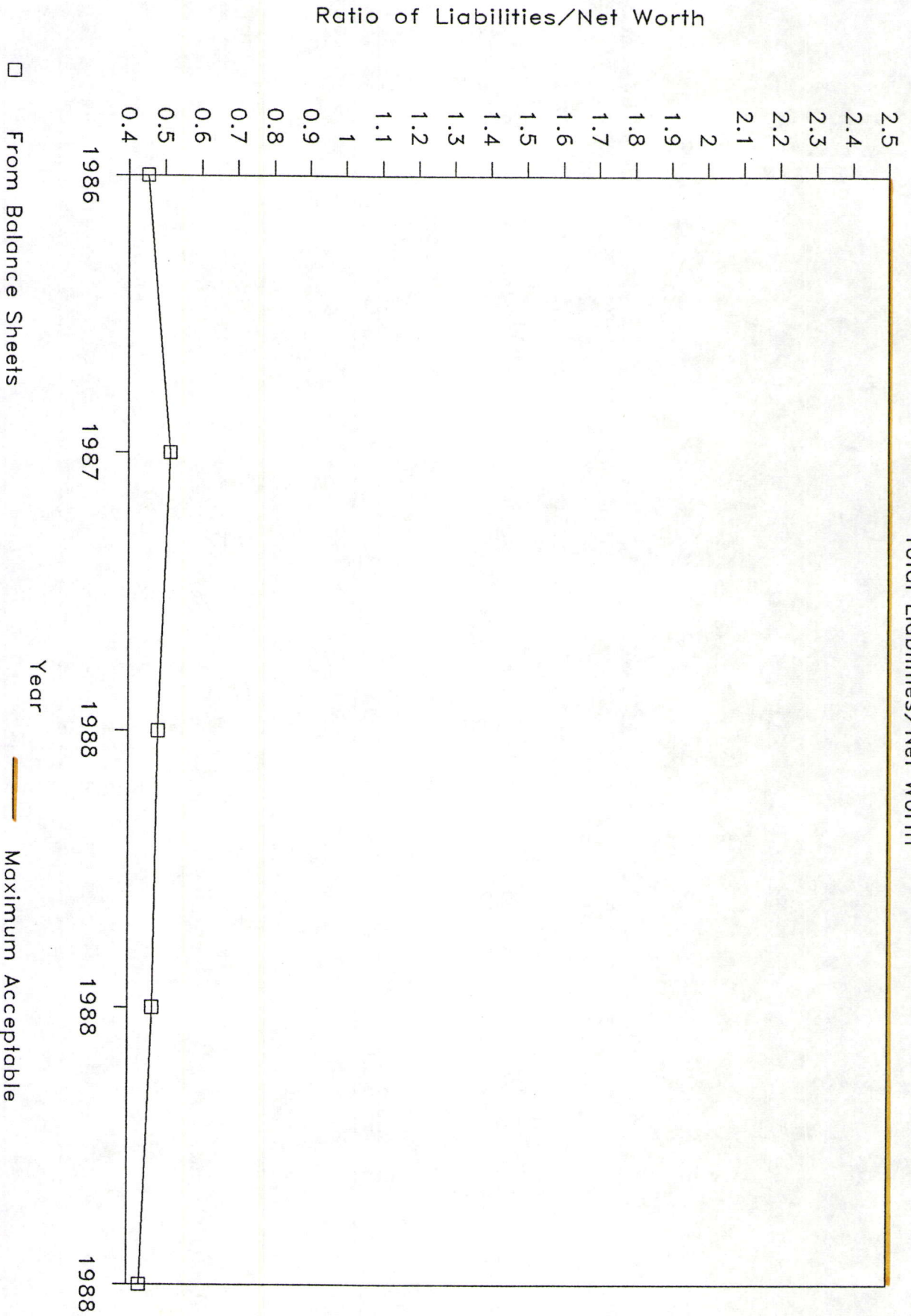
Compiled By  
Utah State Division of Oil, Gas and Mining  
January 25, 1989

Year	Quarter	Current Assets (000's)	Current Liabilities (000's)	Ratio	Total Liabilities (000's)	Net Worth (000's)	Ratio
1977				6.4 : 1			
1978				4.6 : 1			
1979				3.6 : 1			
1980				3.9 : 1			
1981				3.5 : 1			
1982				3.3 : 1			
1983				3.8 : 1			
1984				3.4 : 1			
1985				3.6 : 1			
1986		157,228	53,812	2.9 : 1	106,485	234,725	0.45 : 1
1987		177,757	68,694	2.6 : 1	124,800	242,673	0.51 : 1
1988	1st *	176,889	63,044	2.8 : 1	118,117	245,647	0.48 : 1
	2nd *	178,192	62,380	2.9 : 1	117,095	250,534	0.47 : 1
	3rd *	159,588	55,555	2.9 : 1	108,126	248,877	0.43 : 1

\* Unaudited

# Brush Wellman Incorporated M/023/003

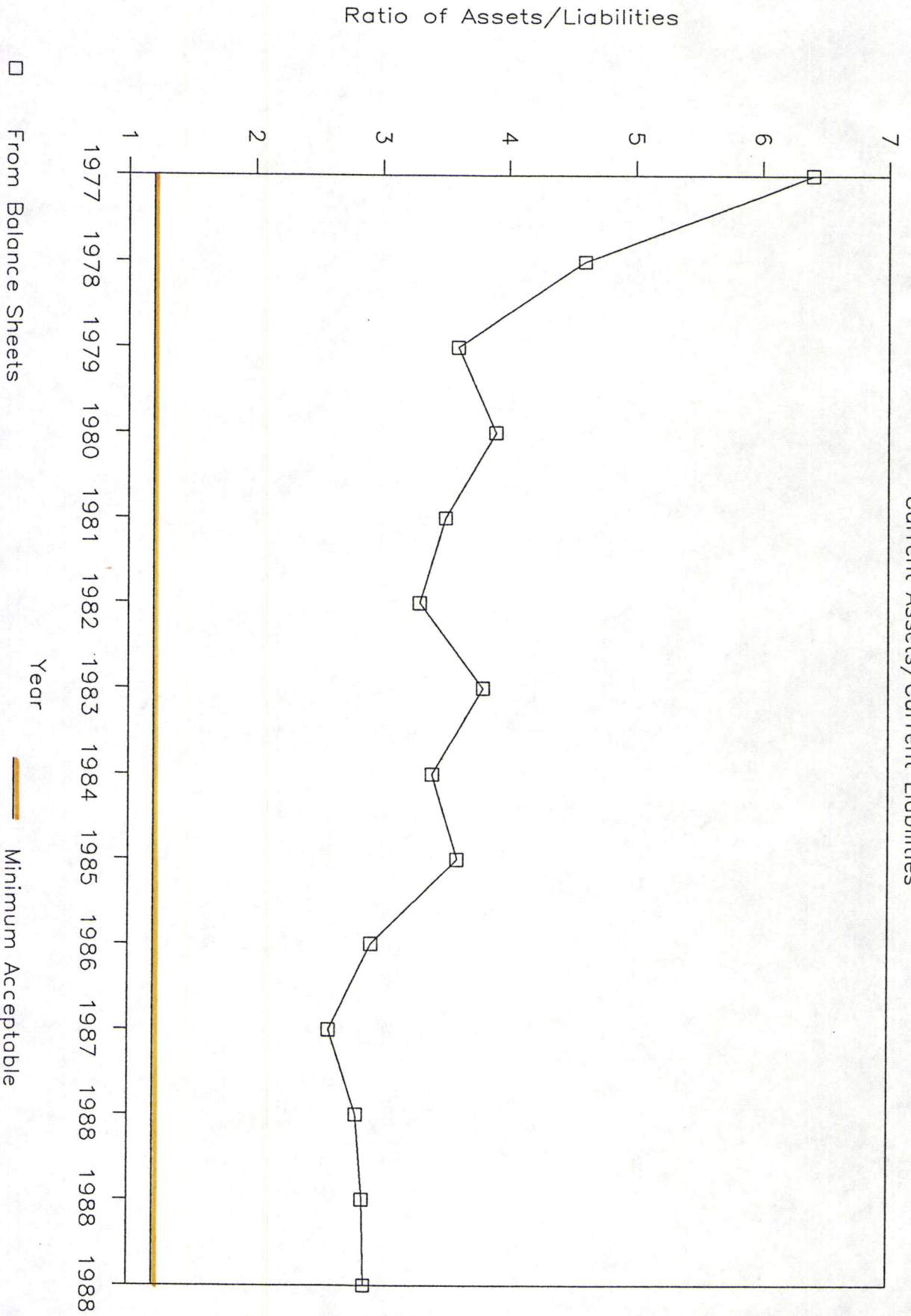
Total Liabilities/Net Worth





# Brush Wellman Incorporated M/023/003

Current Assets/Current Liabilities



NONCOAL  
(August 1985)

Mine Name Topaz  
Permit No. M/023/003  
Date 1-25-89  
Checked By Scott Johnson *Scott*

SELF BONDING QUALIFICATION SHEET  
(Brush Wellman Inc. meets criterion #3)

Applicant Required to Meet One of the Following Criteria:

1. Current rating for most recent bond issuance ("A" or higher) (Moody's Investor Service or Standard and Poor's Corporation)

NA

or

2.

- A. Tangible Net Worth = (at least \$10 million) (Net worth minus intangibles [Goodwill and rights to patents or royalties])

NA

- B. Total Liabilities/Net Worth = Obligations to transfer to other assets or provide services to other entities/Total assets minus total liabilities and is equivalent to owner's equity (2.5 times or less).

NA

- C. Current Assets/Current Liabilities = Cash or other assets or resources which are reasonably expected to be converted to cash or sold or consumed within one year/Obligations which are reasonably expected to be paid or liquidated within one year (1.2 times or greater).

NA

Reference: \_\_\_\_\_

or

3.

- A. Fixed assets in the United States (at least \$20 million) =

\$128,315,000

Property, Plant and Equipment



B. Total Liabilities/Net Worth  
(2.5 times or less) =

.43  
(108,126,000)  
248,877,000  
2.87

Reference: Third Quarter Report 1988  
Brush Wellman Inc.  
(copy attached, Exhibit "E")

(159,588,000)  
( 55,555,000)

Suitable agent (resident within the state of Utah)

Kenneth R. Poulson Vice-President, Mining & Exploration  
67 West 2950 South  
Salt Lake City, UT 84115

Been in continuous operation of not less than five (5) years  
(immediately preceding the time of application) (submitted five  
annual reports--Yes XX No     )

(i) Financial statements prepared by an independent certified  
public accountant in conformity with generally accepted accounting  
principles. Yes XX No      (1987 Annual Report, copy attached, Exhibit "B")

(ii) Unaudited financial statements for completed quarters in  
the current fiscal year. Yes XX No      (1988 1st, 2nd and 3rd Quarter  
Reports, copies attached, Exhibits "C"

(iii) Additional unaudited information as requested by the "D" and "E"  
Division.

## EXHIBIT "E"

**Consolidated Statements of Income** (Unaudited)

	Third Quarter Ended		Nine Months Ended	
	Oct. 2, 1988	Sept. 27, 1987	Oct. 2, 1988	Sept. 27, 1987
(Dollars in thousands except share and per share amounts)				
Net sales	\$ 85,006	\$ 72,656	\$ 264,499	\$ 221,419
Costs and expenses:				
Cost of sales	61,144	53,103	185,494	155,319
Selling, administrative and general expenses	11,093	9,897	33,855	28,031
Research and development expenses	1,621	1,583	4,996	4,921
Exploration expenses	(60)	4	123	129
Interest expense	667	692	2,249	2,104
Other — net	(86)	(130)	685	5
	<u>74,379</u>	<u>65,149</u>	<u>227,402</u>	<u>190,509</u>
<b>Income Before Income Taxes</b>	<b>10,627</b>	<b>7,507</b>	<b>37,097</b>	<b>30,910</b>
Income taxes	4,219	3,151	14,542	13,261
<b>Net Income</b>	<b>\$ 6,408</b>	<b>\$ 4,356</b>	<b>\$ 22,555</b>	<b>\$ 17,649</b>
Net income per share of Common Stock	\$ .35	\$ .23	\$ 1.23	\$ .93
Cash dividends per common share	\$ .16	\$ .15	\$ .47	\$ .44
Weighted average number of common shares outstanding	18,353,002	19,114,363	18,388,864	19,036,511

**Consolidated Statements of Changes in Financial Position** (Unaudited)

	Nine Months Ended	
	Oct. 2, 1988	Sept. 27, 1987
(Dollars in thousands)		
<b>Funds From Operations</b>		
Net income	\$ 22,555	\$ 17,649
Items included not affecting funds:		
Depreciation, depletion and amortization	15,618	14,641
Amortization of mine development	3,078	3,390
Increase in deferred income taxes	220	2,379
<b>Provided From Operations</b>	<b>41,471</b>	<b>38,059</b>
<b>Funds From Other Sources and Financing Activities</b>		
Increase (Decrease) in debt	(10,219)	6,478
Issuance of Common Stock under stock option plans	122	3,400
Other	726	894
	<u>32,100</u>	<u>48,831</u>
<b>Funds Used</b>		
Cash dividends	8,603	8,312
Increase (decrease) in working capital, excluding notes payable	(1,050)	23,329
Expenditures for property, plant and equipment	14,565	12,307
Expenditures for mine development	391	393
Purchase of Treasury Stock	7,660	—
Other	12,380	1,261
	<u>42,549</u>	<u>45,602</u>
Change in Cash	<u>\$ (10,449)</u>	<u>\$ 3,229</u>

**Consolidated Balance Sheets** (Unaudited)

	Oct. 2, 1988	Dec. 31, 1987		Oct. 2, 1988	Dec. 31, 1987
(Dollars in thousands)					
<b>Assets</b>			<b>Liabilities and Shareholders' Equity</b>		
<b>Current Assets</b>			<b>Current Liabilities</b>		
Cash	\$ 6,162	\$ 16,611	Notes payable to banks	\$ 20,856	\$ 27,325
Accounts receivable	46,834	44,473	Accounts payable	8,863	10,381
Inventories	94,997	102,998	Other liabilities and accrued items	15,808	20,387
Prepaid expenses and other current assets	11,595	13,675	Dividends payable	—	2,782
<b>Total Current Assets</b>	<b>159,588</b>	<b>177,757</b>	Income taxes	10,028	7,819
Other Assets	43,114	29,942	<b>Total Current Liabilities</b>	<b>55,555</b>	<b>68,694</b>
Property, Plant and Equipment	273,410	266,542	Other Long-Term Liabilities	10,328	10,333
Less allowances for depreciation, depletion and amortization	134,399	121,713	Long-Term Debt	21,731	25,481
	<u>139,011*</u>	<u>144,829</u>	Deferred Income Taxes	20,512	20,292
Goodwill	15,290	14,945	Shareholders' Equity	248,877	242,673
	<u>\$357,003</u>	<u>\$367,473</u>		<u>\$357,003</u>	<u>\$367,473</u>
<b>Net Fixed Assets</b>	<b>\$139,011</b>				
Less Foreign	10,696				
<b>Total U.S.</b>	<b>\$128,315</b>				

NONCOAL  
(August 1985)

Mine Name Topaz  
Permit No. M/023/003  
Date \_\_\_\_\_  
Checked By \_\_\_\_\_

SELF BONDING QUALIFICATION SHEET  
(Brush Wellman Inc. meets criterion #3)

Applicant Required to Meet One of the Following Criteria:

1. Current rating for most recent bond issuance ("A" or higher) (Moody's Investor Service or Standard and Poor's Corporation)

NA

or

2.

- A. Tangible Net Worth = (at least \$10 million) (Net worth minus intangibles [Goodwill and rights to patents or royalties])

NA

- B. Total Liabilities/Net Worth = Obligations to transfer to other assets or provide services to other entities/Total assets minus total liabilities and is equivalent to owner's equity (2.5 times or less).

NA

- C. Current Assets/Current Liabilities = Cash or other assets or resources which are reasonably expected to be converted to cash or sold or consumed within one year/Obligations which are reasonably expected to be paid or liquidated within one year (1.2 times or greater).

NA

Reference: \_\_\_\_\_

or

3.

- A. Fixed assets in the United States (at least \$20 million) =

\$128,315,000

Property, Plant and Equipment



B. Total Liabilities/Net Worth  
(2.5 times or less) =

	<u>.43</u>
	<u>(108,126,000)</u>
	248,877,000
	<u>2.87</u>
	<u>(159,588,000)</u>
	( 55,555,000)

Reference: Third Quarter Report 1988  
Brush Wellman Inc.

(copy attached, Exhibit "E")

Suitable agent (resident within the state of Utah)

Kenneth R. Poulson Vice-President, Mining & Exploration  
67 West 2950 South  
Salt Lake City, UT 84115

Been in continuous operation of not less than five (5) years  
(immediately preceding the time of application) (submitted five  
annual reports--Yes XX No     )

(i) Financial statements prepared by an independent certified  
public accountant in conformity with generally accepted accounting  
principles. Yes XX No      (1987 Annual Report, copy attached, Exhibit "B")

(ii) Unaudited financial statements for completed quarters in  
the current fiscal year. Yes XX No      (1988 1st, 2nd and 3rd Quarter  
Reports, copies attached, Exhibits "C"

(iii) Additional unaudited information as requested by the "D" and "E"  
Division.